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YONG TENG HING B/S HONG KONG TRADING CO & ANOR

v.

WALTON INTERNATIONAL LTD

B

FEDERAL COURT, PUTRAJAYA
ZULKEFLI MAKINUDIN CJ (MALAYA)
HASHIM YUSOFF FCJ
AHMAD MAAROP FCJ
C HASAN LAH FCJ
ZALEHA ZAHARI JCA
[CIVIL APPEAL NO: 02(F)-68-10/2011 (W)]
10 AUGUST 2012

D ***TRADE MARKS:*** *Registration - Application for registration of trade mark - Respondent was proprietor of 'Giordano' trade marks in Classes 13, 18 and 25 - Established goodwill and reputation - Appellant applied for registration of 'Giordano' trade mark for optical and sunglasses in Class 9 - Respondent filed opposition against registration - Factors to*
E *consider - Date of application for registration of trade mark - Whether onus on appellant to prove he was entitled to register - Whether appellant's use of trade mark in Class 9 can lead to deception or confusion - Trade Marks Act 1976, s. 14(1)(a)*

F Walton International Ltd ('the respondent') was the registered proprietor, applicant and assignee for the 'Giordano' trade mark and other related trade marks in Classes 13, 18 and 25. The respondent's predecessor in title, Giordano Ltd, had sold and exported a considerable amount of goods bearing the 'Giordano'
G trade mark to many countries, including Malaysia. Through an assignment dated 5 March 1991, all 'Giordano' trade marks and other related trade marks worldwide, along with their goodwill and reputation was assigned to the respondent. Yong Teng Hing b/s Hong Kong Trading Co. ('the appellant') was in the business of
H selling genuine and imitation leather goods such as cases and watch straps, optical and sunglasses. The appellant used the 'Giordano' trade mark in the goods sold and dealt with and even applied to register the trade mark for goods in Classes 9, 14 and 18. He managed to obtain the registration in Class 14. On 25 July
I 1992, the appellant filed an application for registration of 'Giordano' trade mark for optical and sunglasses in Class 9. The respondent filed a notice of opposition against the appellant but this application was dismissed by the registrar. On appeal, the High Court affirmed the decision of the registrar. However, the

decision was reversed by the Court of Appeal and the respondent's appeal was allowed. Aggrieved, the appellant appealed against the decision of the Court of Appeal. The issues before this court were: (i) whether the first user and applicant for the 'Giordano' trade mark was the true proprietor; and (ii) whether the appellant's use of the trade mark in relation to the goods in Class 9 could lead to deception or confusion.

Held (dismissing appeal with costs)
Per Zulkefli Makinudin CJ (Malaya) delivering the judgment of the court:

(1) The relevant date upon which the court had to decide whether the appellant was entitled to register the 'Giordano' trade mark in Class 9 was the appellant's application date on 25 July 1992. In filing a trade mark, the priority may not necessarily be accorded to the first party or the first user. The appellant's registration in Class 14 did not automatically entitle him to register the mark in Class 9. The respondent filed its notice of opposition before the appellant's mark could be registered. The onus was on the appellant to prove that he was entitled to register it but he failed to adduce any evidence to show that he had commenced using the trade mark as of the application date. (paras 7, 12 & 21)

(2) The principles in the case of *Lim Yew Sing v. Hummel International Sports & Leisure A/S* ('*Hummel*') could be distinguished from the present case and would only apply if there had been no use of the foreign trade mark at all in Malaysia. The principles laid down in *Hummel* have no application to the facts of the present case as the respondent had used the 'Giordano' trade mark in Malaysia since 1990 which was prior to the application date. (paras 8, 13 & 15)

(3) The appellant had not independently devised the mark himself but instead tried to obtain the benefit of the respondent's worldwide reputation. He had failed to extend any plausible explanation as to why his choice of mark was identical to that of the respondent's. (para 17)

(4) Confusion and deception under s. 14(1)(a) of the Trade Marks Act 1976 ('the Act') was a question of fact and degree. The business interest of the respondent not only extended beyond just apparel and clothing in Class 25 goods but also products such as optical and sunglasses. The respondent had

established that it had goodwill and reputation. Just because the goods were classified in different classes did not mean there would be no likelihood of confusion. The appellant's and respondent's goods in Classes 9 and 25 shared similar nature and purpose. Any use by the appellant of the same trade mark in relation to Class 9 goods would likely have led to confusion and deception within the meaning of s. 14(1)(a) of the Act. Consumers would inevitably assume that both products originated from and were authorised by the respondent as they carried an identical trade mark. This would result in misappropriation of the goodwill and reputation of the respondent which it enjoyed in Malaysia and internationally. (paras 27, 30-31 & 33)

Bahasa Malaysia *Translation Of Headnotes*

Walton International Ltd ('responden') merupakan pemilik berdaftar, pemohon dan pemegang serah hak cap dagangan 'Giordano' dan lain-lain cap dagangan berkaitan dalam Kelas 13, 18 dan 25. Pemegang hak milik terdahulu responden iaitu Giordano Ltd, telah menjual dan mengeksport sejumlah besar barangan yang mempunyai cap dagangan 'Giordano' di kebanyakan negara, termasuk Malaysia. Melalui penyerahakkan bertarikh 5 Mac 1991, kesemua cap dagangan 'Giordano' dan cap dagangan lain seluruh dunia yang berkaitan, termasuk nama baik dan reputasi mereka, telah diberikan kepada responden. Perayu adalah dalam perniagaan menjual barangan kulit yang tulen dan tiruan seperti bekas-bekas, tali jam, optik dan cermin mata hitam. Yong Teng Hing b/s Hong Kong Trading Co. ('perayu') menggunakan cap dagangan 'Giordano' dalam barangan yang dijualnya malah telah memohon untuk mendaftarkan cap dagangan bagi barangan dalam Kelas-kelas 9, 14 dan 18. Beliau berjaya mendapatkan pendaftaran dalam Kelas 14. Pada 25 Julai 1992, perayu telah memfailkan permohonan bagi pendaftaran cap dagangan optik dan cermin mata hitam 'Giordano' dalam Kelas 9. Responden pula telah memfailkan bantahan terhadap permohonan perayu untuk cap dagangan tersebut tetapi permohonan ini telah ditolak oleh pendaftar. Di peringkat rayuan, Mahkamah Tinggi mengesahkan keputusan pendaftar. Walau bagaimanapun, keputusan tersebut telah diakas oleh Mahkamah Rayuan dan rayuan responden dibenarkan. Terkilan, perayu merayu terhadap keputusan Mahkamah Rayuan. Isu-isu di hadapan mahkamah ini adalah: (i) sama ada pengguna dan pemohon pertama bagi cap dagangan 'Giordano' adalah

pemilik sebenar; dan (ii) sama ada penggunaan cap dagangan tersebut oleh perayu berhubung dengan barang-barang dalam Kelas 9 boleh membawa kepada perdayaan atau kekeliruan.

Diputuskan (menolak rayuan dengan kos)
Oleh Zulkefli Makinudin HB (Malaya) menyampaikan penghakiman mahkamah:

(1) Tarikh relevan untuk mahkamah memutuskan sama ada perayu berhak untuk mendaftarkan cap dagangan 'Giordano' dalam Kelas 9 adalah tarikh permohonan perayu pada 25 Julai 1992. Dalam memfailkan sesuatu cap dagangan, keutamaan tidak semestinya diberikan kepada pihak pertama atau pengguna pertama. Pendaftaran perayu dalam Kelas 14 tidak secara automatik melayakkannya untuk mendaftarkan cap tersebut dalam Kelas 9. Responden memfailkan notis bantahan sebelum cap perayu boleh didaftarkan. Beban pembuktian adalah atas perayu untuk membuktikan bahawa beliau layak untuk mendaftar tetapi beliau telah gagal untuk mengemukakan sebarang bukti bagi menunjukkan bahawa beliau telah mula menggunakan cap dagangan pada tarikh permohonan.

(2) Prinsip dalam kes *Lim Yew Sing v. Hummel International Sports & Leisure A/S* ('*Hummel*') boleh dibezakan dengan kes ini dan hanya akan terpakai jika tidak terdapat sama sekali penggunaan cap dagangan asing tersebut di Malaysia. Prinsip-prinsip yang ditetapkan dalam *Hummel* tidak terpakai ke atas fakta kes ini kerana responden telah menggunakan cap dagangan 'Giordano' di Malaysia sejak tahun 1990 iaitu sebelum tarikh permohonan.

(3) Perayu tidak secara bebas mereka cap tersebut dengan sendirinya tetapi sebaliknya telah cuba untuk mendapatkan manfaat daripada reputasi responden di seluruh dunia. Beliau telah gagal untuk mengemukakan sebarang penjelasan munasabah untuk menjelaskan mengapa pilihan capnya sama dengan cap responden.

(4) Kekeliruan dan penipuan di bawah s. 14(1)(a) Akta Cap Dagangan 1976 ('Akta') merupakan persoalan fakta dan darjah. Kepentingan perniagaan responden bukan sahaja meliputi pakaian dalam barangan Kelas 25 tetapi juga produk seperti optik dan cermin mata hitam. Responden telah membuktikan bahawa ia mempunyai nama baik dan reputasi. Hanya kerana

barang-barang tersebut dikategorikan dalam kelas yang berbeza tidak bermakna tidak terdapat kemungkinan kekeliruan. Barangan perayu dan responden dalam Kelas-kelas 9 dan 25 mempunyai sifat dan tujuan yang sama. Sebarang penggunaan cap dagangan yang sama oleh perayu berhubung dengan barangan Kelas 9 berkemungkinan akan membawa kepada kekeliruan dan penipuan dalam maksud s. 14(1)(a) Akta. Pengguna akan menganggap bahawa kedua-dua produk berasal dari dan telah diberi kuasa oleh responden kerana mempunyai cap dagangan yang serupa. Ini akan mengakibatkan penyalahgunaan nama baik dan reputasi responden yang dinikmati di Malaysia dan di peringkat antarabangsa.

Case(s) referred to:

Alfred Dunhill Limited v. Sunoptic SA & Anor [1979] FSR 337 ***(refd)***

Bali Trade Mark [1969] RPC 472 ***(refd)***

Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc [1999] RPC 177 ***(refd)***

Dame Vivienne Westwood OBE v. Anthony Edward Knight [2011] EWPCC 008 ***(refd)***

Lim Yew Sing v. Hummel International Sports & Leisure A/S [1996] 4 CLJ 784 CA ***(dist)***

McCormick & Company Inc v. McCormick [2000] FCA 1335 ***(refd)***

Meidi-Ya Co Ltd, Japan & Anor v. Meidi (M) Sdn Bhd [2009] 2 CLJ 15; [2008] 1 LNS 646 FC ***(refd)***

QS by S Oliver Trade Mark [1999] RPC 520 ***(refd)***

Special Effects Ltd v. L'Oreal SA [2007] RPC 381 ***(refd)***

Sprints Ltd v. Comptroller of Customs (Mauritius) [2000] FSR 814 ***(refd)***

The Seven Up Co v. OT Limited & Anor [1947] 75 CLR 203 ***(refd)***

Thrifty Rent-A-Car System, Inc v. Thrifty Rent-A-Car Sdn Bhd & Anor [2003] 1 LNS 607 HC ***(refd)***

Tiffany & Co v. Fabriques de Tabac Reunies SA [1999] 3 SLR 147 ***(refd)***

Valley Girl Co Ltd v. Hanama Collection Pty Ltd & Anor 66 IPR 214 ***(refd)***

Legislation referred to:

Trade Marks Act 1976, ss. 10, 14(1)(a), 19, 25, 36, 45

Trade Marks Act [UK], s. 11

For the appellant - WA Shashila (Anita Kaur Gerewal with her); M/s Ram Rais & Partners

For the respondent - S L Su (April Wong with her); M/s Tay & Partners

[Editor's note: For the Court of Appeal decision, please see Walton International Ltd v. Yong Teng Hing; Pendaftar Cap Dagangan, Malaysia (Interested Party) [2010] 8 CLJ 802.]

Reported by Najib Tamby

JUDGMENT

Zulkefli Makinudin CJ (Malaya):

Introduction

[1] This is an appeal by the appellant against the decision of the Court of Appeal in allowing the respondent's appeal against the decision of the High Court dismissing the respondent's appeal against the decision of the Registrar of Trade Marks, Malaysia ("the registrar"). The registrar had earlier in his decision dismissed the respondent's notice of opposition filed against the appellant's trade mark application No. 92/0511 to register the trade mark "GIORDANO" for optical and sunglasses in Class 9.

Leave To Appeal

[2] Leave to appeal to this court was granted on the following questions:

Question 1

Whether the first user and applicant for registration of a trade mark for goods included in a particular class in the Third Schedule for the Trade Mark Regulations 1983 or the Trade Marks Regulations 1997, is deemed to be the true proprietor of the said trade mark over another who has not shown prior use of an identical or similar trade mark in relation to goods in the same class as per the principles decided by the Court of Appeal in *Lim Yew Sing v. Hummel International Sports & Leisure A/S* [1996] 4 CLJ 784.

Question 2

Whether the applicant's/appellant's use of the GIORDANO mark in relation to goods in Class 9, can lead to deception or confusion to the public under s. 14(1)(a) of the Trade Marks Act 1976, by reason only of the respondent's alleged goodwill and reputation in respect of the GIORDANO mark in relation to goods in Class 25.

Background Facts

[3] The relevant background facts of this case as reproduced from judgment of the Court of Appeal are as follows:

(i) The respondent, Walton International Limited is an associated company of Giordano Limited. Both were part of a group of companies owned by Giordano Holdings of Hong Kong, a public listed company on the Hong Kong Stock Exchange since 1991. Following a restructuring, the respondent and Giordano Limited became wholly owned subsidiaries of Giordano International Limited of Bermuda, also a public listed company on the Hong Kong Stock Exchange.

(ii) In Malaysia the respondent is the registered proprietor, applicant and assignee of "GIORDANO" trade mark and other related trade marks in Class 25 (for garments and wearing apparels; jeans, T-shirts, pouch, accessories, trousers, clothing, footwear and headgear and articles of clothing), Class 18 (for leather and imitations of leather, and goods made of these materials and not included in other classes, animal skins, hides, trunks and travelling bags, umbrellas, parasols and walking sticks, whips, harness and saddlery) and Class 13 (for GIORDANO ladies).

(iii) Apart from the above applications and registrations in Malaysia, the respondent is also the registered proprietor and applicant for registration, whether by itself or through assignments, of "GIORDANO" trade mark for goods in, *inter alia*, Classes 9, 14, 18 and 25 in many other countries around the world.

(iv) The respondent's predecessor in title, Giordano Limited has sold and exported substantial quantities of goods bearing "GIORDANO" trade mark, such as articles of clothing, watches with leather straps, leather belts, eyewear including sunglasses, bags, wallets, umbrellas and fashions accessories, to many countries including Malaysia. By an assignment dated 5 March 1991, all the "GIORDANO" trade mark and other related trade mark worldwide together with the goodwill and reputation in connection with the trade marks have been assigned to the respondent.

(v) The appellant on the other hand, is the sole proprietor of Hong Kong Trading Co. He ventured into businesses of selling watches with leather and imitation leather straps in 1986, and selling optical and sunglasses, and cases made of leather or imitation leather in 1992 in Malaysia. All the goods sold and

dealt with by the appellant used the "GIORDANO" trade mark. He had in fact applied to register the "GIORDANO" trade mark for goods in Classes 9, 14 and 18 and had obtained registration of "GIORDANO" trade mark in Class 14.

(vi) The appellant filed an application for registration of the trade mark "GIORDANO" at the Registry of Trade Marks, Malaysia on 25 July 1992 for optical and sunglasses in Class 9 *vide* application No. 92/05211. The appellant's application was published in the Government Gazette dated 8 June 1995.

(vii) The respondent filed an opposition against the appellant's application for the registration for the trade mark "GIORDANO" on the grounds, *inter alia*, that the "GIORDANO" trade mark applied for by the appellant is identical or similar to the respondent's "GIORDANO" trade mark in which the respondent has acquired substantial goodwill and reputation in Hong Kong and many other countries, including Malaysia, prior to the filing date of the appellant's application, and that the respondent's predecessor-in-title, Giordano Limited, is the originator and/or the *bona fide* proprietor of the said trade mark.

(viii) The registrar dismissed the said opposition and the respondent filed an appeal to the High Court against the registrar's decision in dismissing the said opposition *vide* Kuala Lumpur High Court Notice of Originating Motion No. R1-25-177-2003. The learned High Court judge dismissed the appeal and decided in favour of the appellant by rejecting the respondent's opposition and accepting the appellant's application for registration of "GIORDANO" trade mark for Class 9. The respondent then appealed against the High Court's decision to the Court of Appeal.

Findings Of The High Court

[4] The learned judge of the High Court dismissed the respondent's appeal amongst others on the following grounds:

(i) The appellant was the first user of the "GIORDANO" trade mark in Class 9 (optical and sunglasses) in Malaysia. The respondent has not adduced evidence to show that it had in fact sold goods bearing the said trade mark in Class 9. There

A is no evidence or proof of use by the respondent of the "GIORDANO" trade mark on goods in Class 9, either prior to the appellant's trade mark application or even after the said application.

B (ii) The respondent's goods are of a different description and were sold not in the same trade channel as those of the appellant but rather in very different store.

(iii) The respondent has no reputation or goodwill in the "GIORDANO" trade mark in connection with goods in C Class 9.

(iv) The respondent accepted the fact that it cannot claim any monopoly over the "GIORDANO" trade mark because it did not appeal against the registrar's decision in dismissing its D opposition filed against the respondent's application No. 92002279 for the "GIORDANO" trade mark in Class 14 (for watches).

Findings Of The Court Of Appeal

E **[5]** The Court of Appeal in allowing the respondent's appeal against the decision of the learned judge of the High Court found that the appellant had failed to adduce sufficient evidence to show that he had commenced using the "GIORDANO" trade mark in F relation to optical goods and sunglasses (Class 9) prior to the application date for registration. On the contrary, the Court of Appeal found that the respondent is the first user of the "GIORDANO" trade mark in Malaysia as early as 1990 in relation to amongst others, articles of clothing, leather belts, bags, wallets and umbrellas which predates the application date of the G appellant's registration of the trade mark for optical goods and sunglasses (Class 9).

Decision Of This Court

H **[6]** We shall first deal with the first question posed in this appeal. Essentially, the appellant's case is that he contended that he had prior use of the "GIORDANO" trade mark in respect of goods in Class 9. According to him, he has been selling optical and sunglasses using the "GIORDANO" trade mark since 1992. I It is the contention of the appellant that the respondent's notice of opposition was *mala fide* because the respondent had never

applied for the registration of the "GIORDANO" trade mark for goods in Class 9 and there was no evidence or proof of use by the respondent of the "GIORDANO" trade mark on goods in Class 9 either prior to the appellant's application or even after the application.

[7] At the outset we would like to state here that the relevant date upon which the court has to decide whether the appellant is entitled to register the "GIORDANO" trade mark in Class 9 is the appellant's application date on 25 July 1992. (See the case of *Meidi-Ya Co Ltd, Japan & Anor v. Meidi (M) Sdn Bhd* [2009] 2 CLJ 15; [2008] 1 LNS 646). It must also be noted that under the provisions of the Trade Mark Act 1976 ("the Act") priority to a trade mark is not necessarily accorded to the first party or the first user to file the trade mark. We agree with the submission of learned counsel for the respondent that the entitlement to a trade mark is dependent on a number of factors. Such factors for consideration are whether the applicant is the *bona fide* proprietor of the trade mark pursuant to s. 25 of the Act and whether the trade mark qualifies for registration pursuant to s. 10 of the Act particularly whether the mark is distinctive of the applicant. A factor to be also considered is whether the trade mark shall be prohibited from registration pursuant to other provisions of the Act, such as ss. 14 and 19 of the Act.

[8] The appellant has relied on the principle of law as laid down in the Court of Appeal's decision of *Lim Yew Sing v. Hummel International Sports and Leisure A/S* [1996] 4 CLJ 784 ("the *Hummel* case") to support his case that the first user and applicant for registration of a trade mark in a particular class is deemed to be the true proprietor of the said trade mark over another who has not shown prior use of an identical or similar trade mark in relation to goods in the same class. With respect, we could not agree with the contention of the appellant as *Hummel*'s case can be distinguished on the facts from the present case. We noted that the *Hummel*'s case did not decide the first user of the trade mark would be entitled to register the trade mark absolutely. In *Hummel*'s case there was no issue of the foreign entity having used the trade mark at all in Malaysia prior to the application date in respect of different but related goods unlike in the present case. The *Hummel*'s case involves an application to invalidate the Hummel trade mark registration which had been registered for more than seven years pursuant to s. 45 of the Act.

[9] Section 36 of the Act provides that the mere fact of registration is only *prima facie* evidence of the validity of the registration. In *Hummel*'s case it was rightly held by the Court of Appeal that the onus of establishing that the Hummel trade mark was wrongly registered or remaining on the register lies on the party seeking to invalidate the trade mark, which was on the respondent in that case. In *Hummel*'s case, the Hummel trade mark was registered by a local proprietor, Gurdip Kaur (trading as Syarikat Hardial Singh) who had been using the trade mark since its registration, and by the time the invalidation proceedings were brought by the respondent, Hummel International Sports & Leisure A/S. On the issue as to whether the Hummel mark was validly registered on 13 August 1981, the Court of Appeal in that case held *inter alia* as follows:

> (1) In the present case, there is no evidence whatsoever that the respondent had used or publicized the trade mark in Malaysia prior to 13 August 1981. In short, the mark HUMMEL was unknown in Malaysia when Gurdip Kaur applied for and obtained registration thereof. [See page 12 paragraph I of the Judgment].
>
> (2) Gurdip Kaur filed her application under section 25 of the Act in 1981. She claimed to be the proprietor of the HUMMEL (M) mark. On the basis that nobody else had previously used the mark in Malaysia, she was quite entitled to make this claim. [See page 20 paragraph F of the Judgment].

[10] We are also of the view that the Court of Appeal in *Hummel*'s case was right in holding that trade mark law is very territorial in many aspects. There is nothing unlawful under the Act for a Malaysian trader to become the registered proprietor of a foreign trade mark used for similar foreign goods provided that the foreign trade mark has not been used at all in Malaysia.

[11] It is our considered view that the *Hummel*'s case did not hold that the applicant who is the first to use and file a trade mark in relation to goods of that class enjoys absolute priority over another proprietor who has not used the mark in relation to the same goods of that class. In *Hummel*'s case the issue of whether use of a mark is likely to deceive or confuse the public as a result of an earlier mark that has been used in relation to other goods did not arise at all. The Court of Appeal had in fact considered s. 14(1)(a) of the Act and found that there was no likelihood of

confusion and deception simply because the respondent, Hummel International Sports & Leisure A/S had no presence at all in Malaysia in terms of sales or advertisements of its products.

[12] It is to be noted in the present case, the respondent filed its notice of opposition before the appellant's mark could be registered. On this point it is our judgment that the onus is on the appellant to prove that he is entitled to register the "GIORDANO" trade mark. This is different from the onus on the foreign company in the *Hummel*'s case to challenge the registration of the Hummel's mark that has been on the register for more than seven years and enjoys the presumption of validity. The Court of Appeal in the present case was right in its finding that the appellant had not adduced evidence to show that he had commenced using the "GIORDANO" trade mark in relation to optical and sunglasses as of the application date bearing in mind that the appellant as the applicant bears the burden of proving his entitlement to register the said trade mark.

[13] On the issues of prior use and registration we are in agreement with the finding of the Court of Appeal in the present case that the respondent had used the "GIORDANO" trade mark in Malaysia prior to the application date. The respondent and/or its licensees had first used the "GIORDANO" trade mark in Malaysia in relation to goods such as articles of clothing, leather belts, bags, wallets, umbrellas and other fashion accessories sometime in 1990. The evidence adduced by the respondent of use of the "GIORDANO" trade mark since 1990 had not been challenged by the appellant. The respondent had secured registration of the "GIORDANO" trade mark as early as 28 August 1982 in Class 25 in relation to garment and wearing apparels under trade mark registration Nos. M/96438 (Malaya), S/30459 (Sabah) and SAR/25720 (Sarawak). The respondent subsequently registered the trade mark on 13 June 1988 under trade mark registration No. 88002812 in Class 25 in relation to articles of clothing. This trade mark is identical to the trade mark that the appellant is seeking registration in 1992 for Class 9.

[14] It is also to be noted from the *Hummel*'s case the Court of Appeal held that evidence of slight use of the trade mark in the country is sufficient to establish distinctiveness and therefore entitlement to the trade mark. On this point the case of *The Seven*

Up Co v. OT Limited & Anor [1947] 75 CLR 203 was cited with approval by the Court of Appeal in the *Hummel*'s case, *inter alia* as follows:

> The court frowns upon any attempt by one trader to appropriate the mark of another trader although that trader is a foreign trader and the mark has only been used by him in a foreign country. It therefore seized upon a very small amount of use of the foreign mark in Australia to hold that it has become identified with and distinctive of the goods of the foreign trader in Australia. It is not then a mark which another trader is entitled to apply to register under the Trade Marks Act because it is not his property but the property of the foreign trader.

[15] We are of the view that the principles in the *Hummel*'s case would apply if there had been no use of the foreign trade mark at all in Malaysia. It is very clear that the principles laid down in *Hummel* have no application to the facts of the present case. We noted that it is for this reason the Court of Appeal in the present case had rightly distinguished the *Hummel's* case wherein at p. 20 of the judgment it had this to say:

> In *Lim Yew Sing v. Hummel International Sports & Leisure A/S* [1996] 3 MLJ 7, the Court of Appeal had decided that a Malaysian trader could only become the registered proprietor of a foreign trade mark used for similar goods if the foreign trade mark has not been used at all in Malaysia. In the present case it is clear from the unchallenged evidence that the appellant's predecessor, **Giordano Limited Hong Kong**, is the first user to the GIORDANO trade mark in relation to, amongst others, articles of clothing, leather belts, bags, wallets and umbrellas in Malaysia since as early as the year 1990, before the filing date of the respondent's application for registration.

[16] Learned counsel for the respondent submitted that apart from prior use of the "GIORDANO" trade mark in Malaysia, the respondent has established extensive and substantial use of the "GIORDANO" trade mark in Asia since 1981, which use in such countries especially Hong Kong and Singapore has given rise to reputation of the "GIORDANO" trade mark in Malaysia long before the appellant's attempt to register the mark in 1992. Given the frequency of travels by Malaysians to Hong Kong and Singapore, it would not be untenable in our view to make a finding that the "GIORDANO" trade mark was known to Malaysians even in the 1980's.

[17] We noted that the Court of Appeal in the present case had also made a crucial finding of fact that the appellant had not "independently devised the mark himself". The Court of Appeal held that the appellant had tried to obtain the benefit of the worldwide reputation of the respondent. In our view such a finding is not unreasonable bearing in mind that the appellant had failed to proffer any plausible explanation on his choice of mark which is identical to the respondent's mark.

[18] We would like to state here that after the *Hummel*'s case there has been a shift in direction and approach towards the acceptance of the reputation of foreign trade marks which would bar the registration by a proprietor of a mark that is similar thereto. In this regard an amendment was made to s. 14 of the Act as of 1 August 2001 (Act A1078) by the introduction of the concept of well-known trade mark. Under this new provision of the Act a foreign trade mark which is well-known in Malaysia, shall be the basis for refusal of the registration of a similar mark by a different proprietor, notwithstanding that the foreign mark has not been used at all or registered in Malaysia.

[19] The concept of well-known trade mark has also been accepted by the courts in various other jurisdictions which have upheld the marks of foreign traders that had acquired substantial reputation. In the case of *Sprints Ltd v. Comptroller of Customs (Mauritius)* [2000] FSR 814, the Privy Council accepted that the second respondent had established the reputation of its trade mark "CHIPIE" in Mauritius before the appellant had started to use the same name. The Privy Council had found useful and persuasive the extensive registration and use of the "CHIPIE" trade mark by the foreign trade mark owner especially in countries that have close connection with Mauritius such as the United Kingdom and the Far Eastern countries. The Privy Council amongst others held at p. 822 as follows:

> But it is essentially the reputation of the mark which will give rise to possible confusion and in light of the growth in international commerce and communication it may now be possible in the case of an internationally established trade mark to proceed upon evidence of its notoriety in a country even without any actual user of the mark there.

[20] On the application of the concept of well-known trade marks the Court of Appeal of Singapore in the case of *Tiffany & Co v. Fabriques de Tabac Reunies SA* [1999] 3 SLR 147 has also held that modern technology and communication had improved to such an extent that the public in Singapore would be aware of foreign trade marks even if they had not been previously used in Singapore. In 2005, the High Court of New Zealand in the case of *Valley Girl Co Ltd v. Hanama Collection Pty Ltd & Anor* 66 IPR 214 upheld the assistant commissioner's finding that the respondents had established the necessary awareness of their mark "VALLEYGIRL" in New Zealand based on the nature and extent of their use of the mark "VALLEYGIRL" in Australia.

[21] On the appellant's contention that the registrar had found from the evidence adduced that the appellant was the first to use the "GIORDANO" trade marks for goods in Class 14 in Malaysia in 1986 and the fact that the respondent had not appealed against the said decision of the registrar strengthened the appellant's case for the registration of the trade mark in Class 9, with respect we could not agree with such a contention. We are of the view the appellant's registration of the "GIORDANO" mark in Class 14 is irrelevant. The appellant's registration in Class 14 does not automatically entitle the appellant to register the mark in Class 9. There is nothing under the Act which prescribes such a priority consideration. If the argument put forward for the appellant is to prevail then equally it can be argued for the respondent that the respondent's prior registration of its "GIORDANO" mark in 1982 in Class 25 in Malaysia would effectively and conclusively bar the appellant's registration for the same mark in Classes 14 and 9.

[22] We are also of the view the fact that the respondent had not appealed against the decision of the registrar in dismissing the respondent's opposition to the appellant's mark in Class 14 is likewise irrelevant. On this point we would refer to the English Court of Appeal's case of *Special Effects Ltd v. L'Oreal SA* [2007] RPC 381 wherein it was held *inter alia* that an opposition proceeding does not give rise to any estoppel to the same party from seeking to rectify the register by expunging the registered mark after an unsuccessful opposition. This is because an opposition proceeding is inherently not final so as to be capable of being the basis for an issue estoppel. Similarly, in the case of

Dame Vivienne Westwood OBE v. Anthony Edward Knight [2011] EWPCC 008, the court therein held that even if a person had pursued an opposition and lost, that person could still apply to invalidate and no cause of action estoppel nor issue estoppel would prevent it. We are therefore of the view that following the above cited case laws, it remains open for the respondent to challenge the registration of the appellant's trade mark in Class 14 by relying on the provision of s. 45 of the Act in rectification proceedings.

[23] We shall now deal with the second question posed in this appeal. This second question is focused on the application of the provision of s. 14(1)(a) of the Act which provides as follows:

> 14(1) A mark or part of a mark shall not be registered as a trade mark –
>
> (a) if the use of which is likely to deceive or cause confusion to the public or would be contrary to law.

[24] Section 14(1)(a) of the Act prohibits the registration of a mark if use of the mark will lead to likelihood of confusion or deception as a result of the goodwill and reputation pertaining to a prior mark used in relation to goods falling in a different class from that sought to be registered. The issue here is whether on the factual circumstances of the present case there is any likelihood of deception and confusion arising from the use by the appellant of the "GIORDANO" trade mark in relation to Class 9 goods based on the prior use by the respondent and its goodwill and reputation thereof in relation to Class 25 goods.

[25] The objective and purpose of the s. 14(1)(a) of the Act is to protect the public and consumers from instances of confusion or deception as a result of the use of two similar marks. Thus, under s. 14(1)(a) of the Act, a mark shall be refused registration if use thereof is likely to deceive or cause confusion to the public notwithstanding that it is the result of use of an earlier identical or similar mark, whether registered or not in Malaysia and which is being used in relation to goods or services which may be different from that sought to be registered. On this point, there are a number of decided cases to show the circumstances under which the opponent had successfully opposed application for the

registration of a trade mark by an applicant in relation to goods or services falling under different classes but having identical or similar marks as follows:

(i) In *Alfred Dunhill Limited v. Sunoptic SA & Anor* [1979] FSR 337 the registration of the name DUNHILL was refused for sunglasses due to the use by the plaintiff for many years of the mark for tobacco products and luxury goods. Although, the plaintiffs had not sold sunglasses in the United Kingdom, the Court of Appeal held that there was a risk of confusion and stressed that the issue was the damage to the appellants' overall reputation and not damage to particular classes of goods which the appellants were then involved in selling.

(ii) In the case of *QS by S Oliver Trade Mark* [1999] RPC 520 the court partially allowed the opposition by the opponent in respect of use of the mark QS by S. Oliver in relation to leather goods, leather bags and purses in Class 18 as a result of the opponent's prior registration of QS marks in Class 25. The court held that leather goods, leather bags and purses would be regarded as clothing accessories as they were complementary to clothing, users and trade channels were the same and were found adjacent to each other in retail outlets. As such the opposition by the opponent succeeded in respect of those goods.

(iii) In the local case of *Thrifty Rent-A-Car System, Inc v. Thrifty Rent-A-Car Sdn Bhd & Anor* [2003] 1 LNS 607 which concerns the use of an identical mark in relation to goods and services which are in different classes, the High Court held that although the appellant's vehicle rental and leasing services are not the same as the respondent's goods in Class 16 namely paper products and stationery, confusion and deception is likely to arise since the appellant had acquired substantial reputation and goodwill through use of the "Thrifty Rent-A-Car" mark in relation to vehicle rental and leasing services.

[26] As regards the test of confusion and deception it is now well settled. The decision of the House of Lords in the case of *Bali Trade Mark* [1969] RPC 472 in interpreting s. 11 on the UK Trade Marks Act which is equivalent to our s. 14(1)(a) of the Act is highly instructive. Lord Upjohn held in that case at p. 496 on the test of likelihood of confusion and deception, as follows:

> What then, is the test? This must necessarily be a question of fact and degree in every case ... It is not necessary in order to find that a mark offends against section 11 to prove that there is an actual probability of deception leading to passing off or (I add) an infringement action ... It is sufficient if the result of the registration of the mark will be that a number of persons will be caused to wonder whether it might not be the case that the two products came from the same source.

[27] Confusion and deception as envisaged by s. 14(1)(a) of the Act in our view is a question of fact and degree. The likelihood of confusion and deception can never be ruled out in the present case simply because the goods sought to be registered by the appellant fall in Class 9 whilst the goods that have been sold and traded by the respondent fall in other classes such as Class 25. Further, the more well known or unusual a trade mark, the more likely is that consumers might be confused into believing that there is a trade connection between goods or services bearing the same or a similar mark. In the case of *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* [1999] RPC 177 the court therein held that a lesser degree of similarity between the goods and services may be offset by a greater degree of similarity between the marks and vice versa.

[28] In the present case it must be noted that the appellant has sought to register the "GIORDANO" trade mark which is identical both visually and phonetically to the respondent's "GIORDANO" trade mark. "GIORDANO" is an unusual and uncommon term in Malaysia. We are of the view that a number of persons will be caused to wonder whether it might not be the case that the two products came from the same source by reason of the use of the identical mark as the respondent's, and the goodwill and reputation that the respondent enjoys with respect to its "GIORDANO" trade mark both in Malaysia and internationally.

[29] It is our judgment that the respondent has established that it has goodwill and reputation not only in relation to Class 25 goods but by the application date, it has already established goodwill and reputation in relation to its "GIORDANO" trade mark arising from the use not limited to clothing and apparel being goods falling in Class 25 but also in respect of leather goods, belts, bags and fashion accessories. Thus, the business interest of the respondent extends beyond just apparel and clothing in Class 25 goods. Further, the goodwill and reputation of the

respondent transcends the goods in which it had actually traded as the respondent is in the fashion retail business that encompasses products such as optical and sunglasses.

[30] We are of the view any use by the appellant of the same trade mark in relation to Class 9 goods will likely lead to confusion and deception within the meaning of s. 14(1)(a) of the Act. The members of the public are very likely to associate the respondent's goods bearing the "GIORDANO" trade mark with the appellant as the trade mark used by the respondent is identical or substantially similar to the appellant's registered trade mark.

[31] We find that the appellant's and respondent's goods in Classes 9 and 25 are fashionwear which share similar nature and purpose. Optical and sunglasses in Class 9 are fashion products. Likewise, articles of clothing and leather goods such as belts and bags in Class 25 are also fashion products. Both the appellant's and the respondent's goods are targeted at the same customers and made available through similar retail channels and are commonly found to be sold together or next to each other in departmental stores, retail stores and fashion boutiques. We are of the view that just because the goods are classified in different classes it does not mean that there will be no likelihood of confusion in the use of identical trade marks by two different proprietors. In the case of *McCormick & Company Inc v. McCormick* [2000] FCA 1335, the Federal Court of Australia held that spices and instant butter are goods of the same description and emphasized that the classification contained in the schedules to the Trade Mark Rules are not a decisive criterion as to whether or not two sets of goods are of "the same description". Further, it was stated also that the expression "goods of the same description" is not to be construed restrictively and regard is paid to the commercial context in which the goods in question are bought and sold.

[32] It is to be noted that in recent years, proprietors of major brand names have expanded their product lines to embrace all facets of fashion products. On this point, we are of the view the court can take judicial notice of the fact that many trade mark owners including famous brands which have presence in Malaysia today, such as Chanel, Gucci, Giorgio Armani and Louis Vuitton,

to name a few, boast product lines that encompass optical wear and sunglasses, clothing, leather products as well as cosmetics and perfumes. There may be products that are licensed to third parties to be sold under the trade mark, and the value of a well established trade mark can be fully exploited by the brand owners in such manner. Given the modern day retail business, it is no longer realistic to segregate market segments by the different types of goods sold. The same consumer who purchases a "GIORDANO" T-shirt may purchase a pair of "GIORDANO" sunglasses, irrespective of whether the sunglasses are sold in the "GIORDANO" store or in a department store.

[33] It is our judgment that in the present case it is inevitable that the consumers will assume that both products of the appellant and the respondent are of the same origin, that is, ultimately originating from or authorized by the respondent, as they carry an identical trade mark. By the appellant's use of the "GIORDANO" trade mark in relation to optical and sunglasses, it would result in the misappropriation of the goodwill and reputation of the respondent which the respondent enjoys internationally as well as in Malaysia. In our view, the use of the "GIORDANO" trade mark by the appellant is certainly likely to cause confusion or deception within the meaning and scope of s. 14(1)(a) of the Act.

Conclusion

[34] For the reasons abovestated we would answer the first question posed in this appeal in the negative and the second question in the affirmative. In the result, we would dismiss the appellant's appeal with costs. We award a sum of RM50,000 to the respondent as costs. The deposit is to be paid to the respondent towards the costs.